



CITY OF HOUSTON - CITY COUNCIL

Meeting Date:

Item Creation Date: 12/13/2019

HPW - 20DWO48 2020 O&M Budget - Coastal Water Authority (CWA) - Luce Bayou System Project

Agenda Item#:

Background:

RECOMMENDATION:

Approve the 2020 Operations and Maintenance Budget for the Luce Bayou System Project in the amount of \$2,479,000.00.

BACKGROUND:

The Coastal Water Authority ("CWA") operates the raw surface water transportation system for the City of Houston ("City") and provides conveyance for many governmental and industrial users. CWA plays an essential role in the City's program of increased surface water use.

On January 30, 2009, the City and CWA entered in to a Projects Contract ("Projects Contract") approved by City Council on January 28, 2009 by Ordinance No. 2009-0053, pursuant to which the Parties agreed to cooperate in the planning, design, property acquisition, construction, and financing of the Luce Bayou Interbasin Transfer Project ("Luce Bayou System Project"). The City and CWA entered into an Operating Contract ("Operating Contract") approved by City Council on November 4, 2015 by Ordinance 2015-1072, pursuant to which CWA agreed to operate and maintain the Luce Bayou System Project and to transport, convey, and deliver the water of the City, for and on behalf of the City, through the Luce Bayou System Project on an annual cost basis.

Section 205 of the Operating Contract requires CWA to prepare and submit to the City an annual operating budget setting forth in detail proposed expenditures for the operation, maintenance, administration, capital improvements, and renovation and repair costs associated with the Luce Bayou System Project. CWA presented the City with the proposed 2020 operations and maintenance ("O&M") budget for the Luce Bayou System Project in the amount of \$2,479,000.00. This budget reflects a funding increase of \$728,000.00 as compared to the 2019 budget, this increase is to support the additional activities and responsibilities that CWA will encounter during 2020 including the following:

- Increase in staffing required to operate and maintain the Conveyance System as components (canals, pipelines and pumping station) are operational during 2020.
- Increase in the electricity costs associated with the activities associated with the facilities during 2020.
- Security services for facilities and structures.

Houston Public Works (HPW) met with CWA officials to review the submitted budget and concluded that the budget presented by CWA is reasonable given the work proposed.

The funds are allocated in the HPW budget according to CWA's annual budget submittal during the month of October. CWA's Fiscal Year 2020 starts on January 1, 2020 and ends on December 31, 2020. Six months of CWA's budget are allocated to the City's FY20 Budget (January 2020 to June 2020), and the remaining six months are allocated to the City's FY21 Budget (July 2020-December 2020). Payments made to CWA are based upon documented actual monthly O&M expenditures.

This Project was described and briefed to the Transportation, Technology and Infrastructure Committee on February 6, 2020.

It is recommended that City Council approve the 2020 CWA O&M budget for the Luce Bayou System Project in the amount of \$2,479,000.00.

FISCAL NOTE:

Funding for this item is included in the FY20 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

DocuSigned by:

Carol E. Haddock, P.E., Director
Houston Public Works

Prior Council Action:

Motion No. 2019-0149, March 27, 2019
Ordinance No. 2015-1072, November 4, 2015
Ordinance No. 2009-0053, January 28, 2009

Amount of Funding:

\$2,479,000.00 From Water and Sewer System Operating Fund No. 8300

\$1,239,500.00 Allocation for FY20 (January 2020 - June 2020)

\$1,239,500.00 Allocation for FY21 (July 2020 - December 2020)

Contact Information:

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ATTACHMENTS:

Description

Funding Documents
FY20 Annual Budget
CWA - Luce Bayou Contract
Prior Council Actions
annual fees
TTI Agenda

Type

Financial Information
Backup Material
Backup Material
Backup Material
Backup Material
Backup Material